

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**August 31, 2020**

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name. The signature is stylized and cursive.

**EUGENE H. SCHIED  
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**MANAGEMENT OVERVIEW  
AUGUST 31, 2020**

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**Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$157.6 million. The balance decreased by \$9.5 million for the month primarily reflecting cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2021.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund and had a month-end balance of approximately \$97 thousand.

Other accounts receivable, net had a month-end balance of approximately \$153 thousand. Its balance decreased by approximately \$63 thousand from prior month primarily due to the receivable from the Central Liquidity Facility for administrative expenses paid by the Operating Fund.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.1 million for the month primarily due to vendor/trade and relocation payments.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

**Statements of Revenues, Expenses, and Changes in Fund Balance**

Revenues in excess of expenses totaled \$3.6 million for the month. Operating fees reflects one-twelfth of the 2020 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.3 percent of expenses to the Share Insurance Fund.

**Statements of Cash Flows**

The cash position decreased \$9.5 million from prior month. In the current month, \$7.3 million was used in operating activities and \$2.1 million was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building totaled \$111 thousand.

**Other Information**

The Agency had 44 vacancies as of month-end. The 44 vacancies represent 3.7 percent of total authorized staff of 1,186. Annualized travel spend per employee is \$6.2 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**BALANCE SHEETS**

**As of August 31, 2020 and 2019  
(Dollars in thousands)**

	<b>August 2020</b>	<b>August 2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 157,622	\$ 137,963
Due from National Credit Union Share Insurance Fund	97	1,012
Employee advances	16	7
Other accounts receivable, Net	153	178
Prepaid expenses and other assets	6,835	6,609
Assets held for sale	-	447
Fixed assets - Net of accumulated depreciation of \$37,488 and \$40,902 as of August 31, 2020 and August 31, 2019, respectively	29,459	29,677
Intangible assets - Net of accumulated amortization of \$22,326 and \$19,426 as of August 31, 2020 and August 31, 2019, respectively	30,682	15,392
<b>TOTAL ASSETS</b>	<b>\$ 224,864</b>	<b>\$ 191,285</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 7,482	\$ 7,233
Obligations under capital leases	688	1,169
Accrued wages and benefits	13,872	12,445
Deferred revenue <sup>1</sup>	48,528	45,903
Accrued annual leave	22,393	19,960
Note payable to National Credit Union Share Insurance Fund	4,135	5,475
<b>TOTAL LIABILITIES</b>	<b>97,098</b>	<b>92,185</b>
 <b>FUND BALANCE</b>	 127,766	 99,100
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 224,864</b>	 <b>\$ 191,285</b>

<sup>1</sup>The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE**

**For the periods ended August 31, 2020 and 2019**

**(Dollars in thousands)**

	<u>August 2020</u>	<u>Year-to-Date August 2020</u>	<u>Year-to-Date August 2019</u>
<b>REVENUES</b>			
Operating fees	\$ 12,133	\$ 97,062	\$ 91,828
Interest	12	315	1,820
Other	37	388	665
Total Revenues	<u>12,182</u>	<u>97,765</u>	<u>94,313</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	6,865	58,975	56,285
Travel	(165)	1,824	5,787
Rent, communications, and utilities	206	1,430	1,846
Contracted services	1,427	10,418	10,554
Depreciation and amortization	219	1,848	1,670
Administrative	41	1,455	3,135
Total Expenses, Net	<u>8,593</u>	<u>75,950</u>	<u>79,277</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	3,589	21,815	15,036
<b>FUND BALANCE—Beginning of period</b>	<u>124,177</u>	<u>105,951</u>	<u>84,064</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 127,766</u>	<u>\$ 127,766</u>	<u>\$ 99,100</u>

<sup>1</sup> Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.3% and 60.5% for 2020 and 2019, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF CASH FLOWS**

For the periods ended August 31, 2020 and 2019

(Dollars in thousands)

	<b>August 2020</b>	<b>Year-to-Date August 2020</b>	<b>Year-to-Date August 2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over (under) expenses	\$ 3,589	\$ 21,815	\$ 15,036
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	565	4,775	4,228
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	-	2,212	3,011
Employee advances	-	(9)	336
Other accounts receivable, net	(63)	208	252
Prepaid expenses and other assets	(1,196)	(2,821)	(3,931)
(Decrease) increase in liabilities:			
Accounts payable	1,122	(1,820)	(3,041)
Accrued wages and benefits	838	(599)	(2,332)
Deferred revenue	(12,133)	48,528	45,903
Accrued annual leave	-	3,448	1,181
Accrued employee travel	-	(708)	(619)
Net Cash Used in Operating Activities	(7,278)	75,018	60,024
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	(2,118)	(10,841)	(12,298)
Proceeds from sale of assets held for sale	-	434	(447)
Net Cash Used in Investing Activities	(2,118)	(10,407)	(12,745)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(893)	(894)
Principal payments under capital lease obligations	-	(588)	(544)
Net Cash Used in Financing Activities	(111)	(1,481)	(1,438)
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,507)	63,130	45,841
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	167,129	94,492	92,122
<b>CASH AND CASH EQUIVALENTS—End of period</b>	\$ 157,622	\$ 157,622	\$ 137,963
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	\$ -	\$ 83	\$ -
<b>CASH PAYMENTS FOR INTEREST</b>	\$ 6	\$ 53	\$ 79

The balances in the statement above are preliminary and unaudited.